

# REVISION OF PREMIUM PAYMENT FRAMEWORK

A Joint Initiative of the  
General Insurance Association of Singapore (GIA)  
and the  
Singapore Insurance Brokers' Association (SIBA)



26 JULY 2016

# BACKGROUND

Premium Payment Framework  
has been in force since  
1 May 2005

# A Collaboration between GIA & SIBA



Supported by



# THE RESPECTIVE ROLES

## The Authority

- To oversee the adherence of PPF by stakeholders

## The Insurers

- To train their agents on PPF
- To adhere to PPF

## The Brokers

- To adhere to PPF
- To provide guidance to clients on PPF

# OBJECTIVES OF PPF

- Designed to improve efficiency in the collection of premiums for general insurance policies
- Minimize the possibility of disputes between insurers and customers



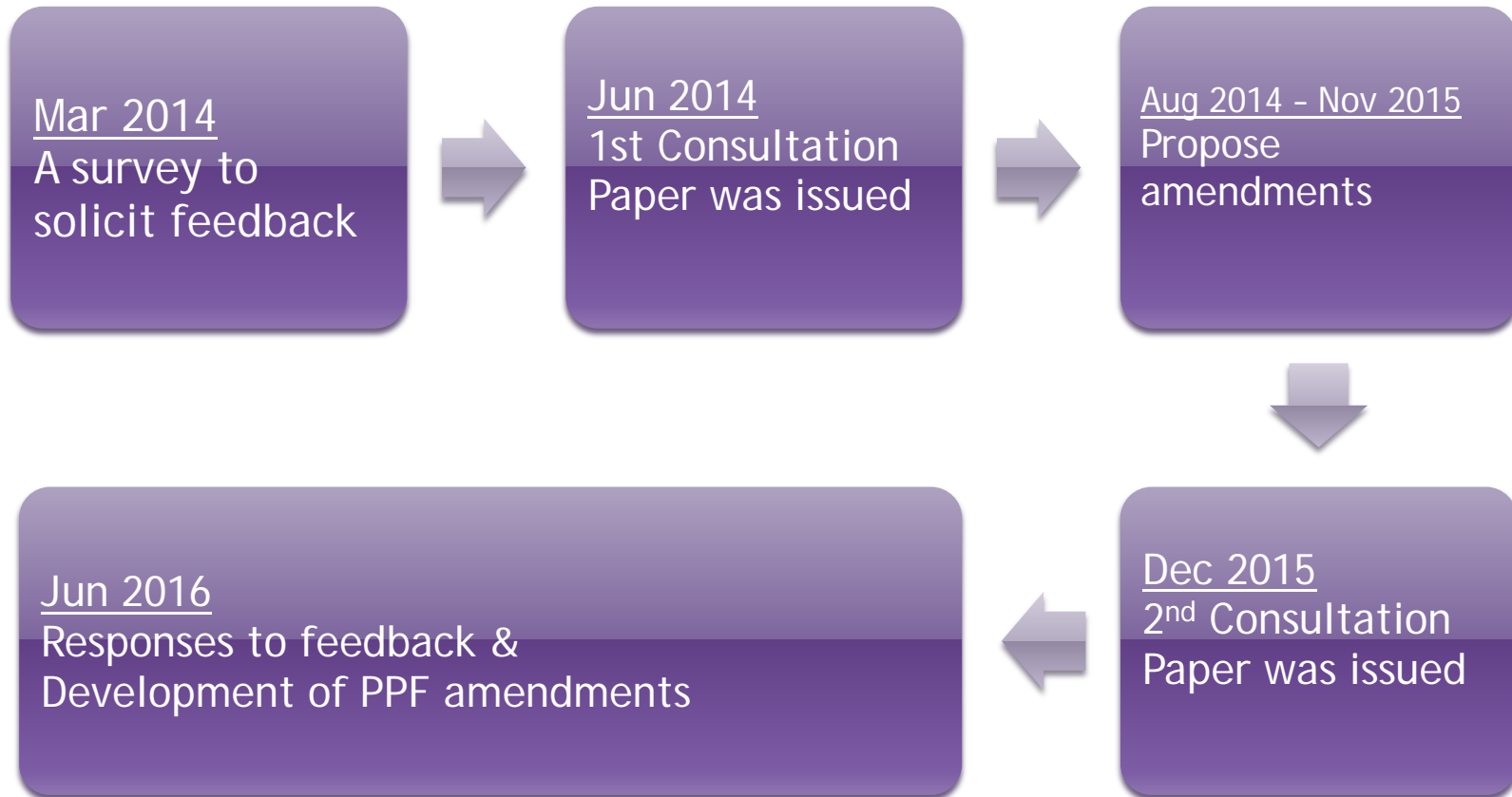
# O/S PREMIUM FOR AGENTS & BROKERS (BEFORE & AFTER 1 MAY 2005)

	2004	2015
	Outstanding Bal (Up to 90 days) (%)	Outstanding Bal (Up to 90 days) (%)
Direct Biz / Agents	89.5	77.0
Direct Biz / Brokers	78.9	48.3

# 3 TYPES OF PREMIUM PAYMENT WARRANTY

- **Payment Before Cover Warranty**
  - Personal Lines
  - Bonds
- **Premium Payment Warranty**
  - Commercial Lines
- **Premium Instalment Payment Warranty**
  - Commercial Lines with instalment plans

# REVIEW PROCESS





# KEY AMENDMENTS

1. Definitions
2. Premium Payment Warranty - Payment Before Cover Warranty
3. New or Renewal Policy or Endorsement
4. Suspension of Cover if Payment After Breach

# 1. DEFINITIONS

## 1.1 - Exceptions to Commercial Lines Policies

- marine cargo
- marine hull
- marine liabilities
- bonds
- trade credit
- political risk
- global/regional programmes
- **aviation**

## 1.2 - Reference to Intermediaries

- Not limited to agents and brokers
- As defined in the Insurance Act (Cap 142).

## 1.3 - Global /Regional Programmes

- Amended the phrase '3 or more countries' to 'multiple countries'.
- GWP = ~~S\$ 250,000~~

## 2. PREMIUM PAYMENT WARRANTY - PAYMENT BEFORE COVER WARRANTY

Wordings revised to include the different modes of payment, that is, via cash, cheque, credit or debit card, electronic payment, etc.



# 3. NEW OR RENEWAL POLICY OR ENDORSEMENT - WORKFLOW

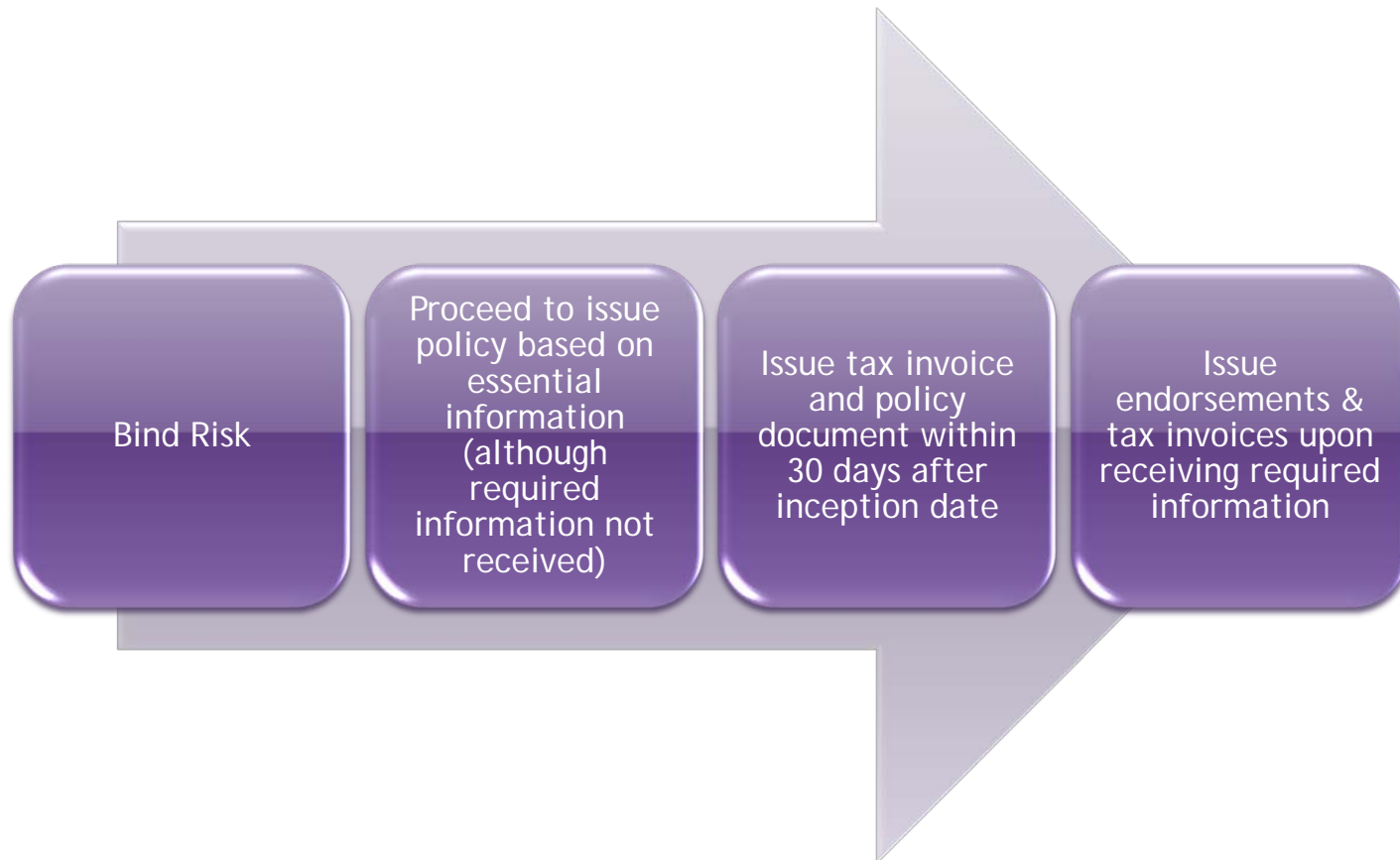
3.1 - "Provisional Billing" now removed.

3.2 - Duties of Intermediaries → to present their closings to insurers on or prior to the inception date.

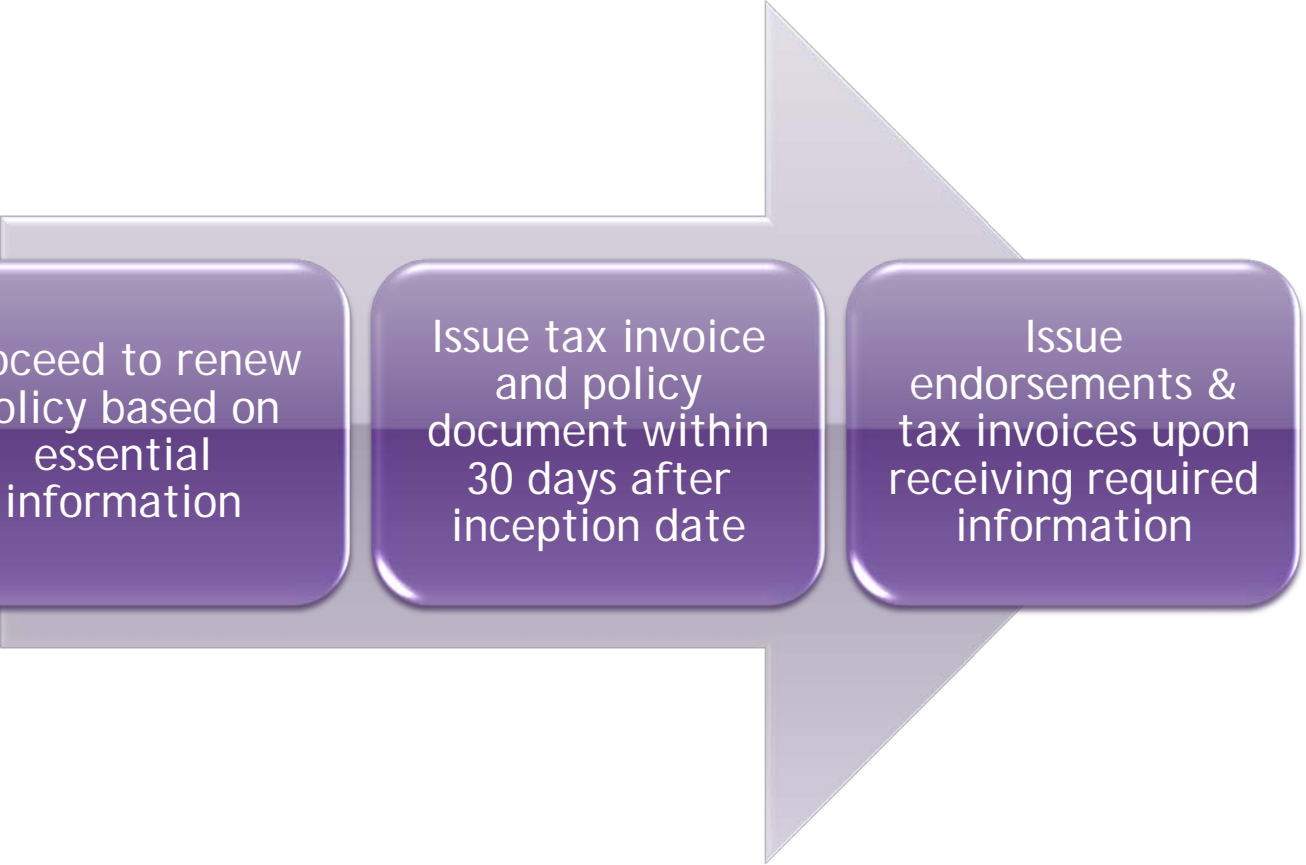
3.3 - Duties of Insurers → to adopt the following work process:

- In respect of New Business
- In respect of Renewal Business / Endorsement

# DUTIES OF INSURERS IN RESPECT OF NEW BUSINESS



# DUTIES OF INSURERS IN RESPECT OF RENEWAL BUSINESS / ENDORSEMENT



Proceed to renew policy based on essential information

Issue tax invoice and policy document within 30 days after inception date

Issue endorsements & tax invoices upon receiving required information

# DUTIES OF INTERMEDIARIES FOR COLLECTION OF PREMIUMS

Intermediaries are given 60 days to collect premium from policyholders upon inception of new policy, renewal policy or endorsement. Otherwise, the policy or endorsement will automatically terminate effective from the 61st day of cover

Intermediaries must notify the **policyholders** immediately of the cessation of cover, copied to the insurers

Intermediaries are to notify **insurers** within 5 working days of the breach

Policyholders are liable to pay 60 days time on risk whether or not there is a claim.

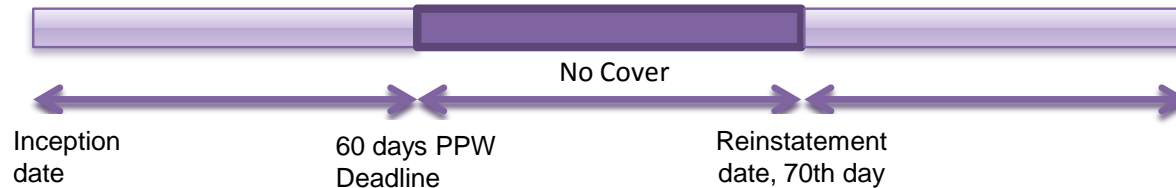
Intermediaries will **NOT** be liable for the collection of the 60 days time on risk **IF** they notify the insurers within 5 working days of the breach



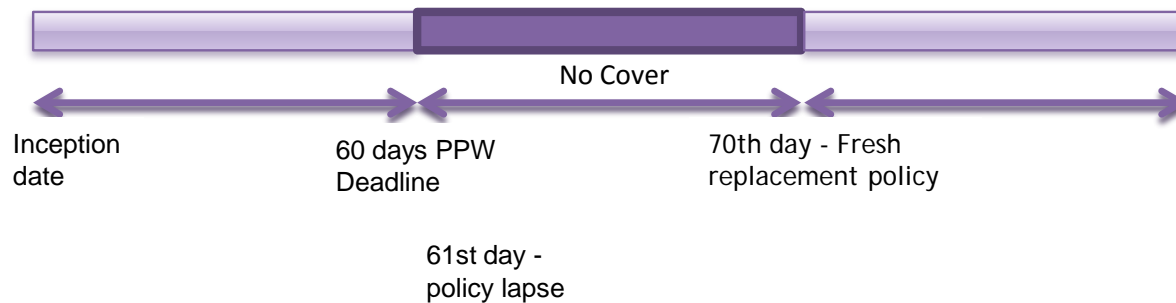
# 4. SUSPENSION OF COVER IF PAYMENT AFTER BREACH

## Option 1: Reinstatement

- Policyholder pays after Premium Payment period.
- Time on Risk Premium must be paid.
- Policy reinstates from 70<sup>th</sup> day.



## Option 2: Fresh Replacement Policy



# IMPLEMENTATION

SEPTEMBER 2016

Sun Mon Tue Wed Thu Fri Sat



				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

